



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

July 2, 2013

XAVIER R. MARTINEZ, TREASURER
DEMOCRATIC FOUNDATION OF ORANGE
COUNTY
1531 GRAND AVENUE SUITE D
SAN MARCOS, CA 92078

Response Due Date
08/06/2013

IDENTIFICATION NUMBER: C00176420

REFERENCE: YEAR-END REPORT (11/27/2012 - 12/31/2012)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 3 item(s):

1. Your report does not include a Schedule H1 to disclose the ratio for the allocation of certain costs. Separated Segregated Funds and Nonconnected committees that choose to allocate administrative expenses, generic voter drive costs, and expenses related to public communications referencing any party committee (but no clearly identified candidates), should disclose the allocation ratio applied to these expenses on Schedule H1. 11 CFR §104.10(b)(1)
2. The Detailed Summary Page, on Line 18(a) Column A of your 30 Day Post-General (10/1/12 - 11/26/12) and Year-End (11/27/12 - 12/31/12) reports combined, discloses \$23,440.58 in transfers from the non-federal account for allocated activity for the reporting period. However, Line 21 (a)(ii) Column A discloses \$17,882.62 as the non-federal share for allocated activity for the reporting period. While the non-federal account is permitted to transfer funds to the federal account for allocated activity, transfers for allocated activity must be made within a 70-day time period: no more than 10 days before or 60 days after the payment to the vendor. (11 CFR §§106.6(e)(2) and 106.7(f)(2)) Please clarify the nature of the transfers-in from the non-federal account.

The Commission recommends that you immediately transfer back to the non-federal account, the total excessive amount which was received by your federal account outside the 70-day time period. Although the Commission may

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take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

3. Schedule H4 discloses 100% non-federal activity. Please be advised that by definition, this activity does not qualify as an expense(s) that can be allocated between your federal and non-federal accounts. If the disbursements were for operating expenditures paid for with 100% federal funds, they should be itemized on Schedule B for Line 21(b) of the Detailed Summary Page. If these expenses were permissibly paid for with 100% non-federal funds, they should not be disclosed on Schedule H4. Further, any reimbursement from your committee's non-federal account for any portion of this activity is not permissible and must be returned. (11 CFR §102.5(a)(1)(i)) Please amend your report to clarify this discrepancy.

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1162.

Sincerely,



David Butler
Senior Campaign Finance Analyst
Reports Analysis Division